



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

The Industrial Representation Plan in the Akron Factories of the Goodyear Tire and Rubber Company

By P. W. LITCHFIELD

Vice-President and Factory Manager, Goodyear Tire and Rubber Company, Akron, Ohio

AFTER four years of war, embracing almost the whole world, we naturally looked forward to a time of peace, but instead of that we find a condition of industrial unrest which is world wide, much worse in other countries than here but still showing a marked tendency in this country. This industrial unrest has come to be known to some extent as the labor problem. This labor problem, causing this instability or unrest, seems to arise from a disagreement between management and the laboring men of the country, especially in industry. Therefore, if there is a disagreement between two parties it is quite proper to investigate both parties to see which one is at fault, and usually when there is a disagreement of large magnitude, country wide, you can generally find something the matter with both parties.

IS MANAGEMENT THE CAUSE OF INDUSTRIAL UNREST?

Has there been some fault on the part of management to account to some extent for this industrial unrest? If we look over the types of management in industry as they have been conducted in the recent past, we will find two forms: first, an autocratic form, where management is alone responsible to capital and says to labor, "Our terms are such and such. You can take them or leave them;" second, a form which is in vogue—more in public service corporations where the management is of the same type but is opposed by a strong labor body and thus held in restraint which results in collective

bargaining. These are substantially the only two forms in existence. They both have two fundamental weaknesses. In the first place, management in each case is responsible only to capital and not responsible in any way to labor, and in the second place, labor does not assume any responsibility except to bargain for its services, usually on the basis of time, and places itself—whether they consider it so or not—on the basis of a commodity. It has no interest in the business. It has no particular interest in the amount produced or the welfare of capital invested, but is simply selling its services as a commodity, as part of the cost of industry. We cannot have industrial stability as long as either of these conditions exist.

WHAT MANAGEMENT SHOULD BE

Management should be a coördination between capital, labor and the public. It should not be entirely responsible to anyone but should have a certain amount of responsibility to all three. To create interest on the part of those employed there should be established a community of interest or a partnership relation, placing labor, those who furnish the labor, on the same basis as those who furnish the capital; labor should not be made a commodity in any sense of the word. The duty of management is to serve capital, to serve labor and to serve the public—to efficiently organize the activities of all for the benefit of all. It should administer management with justice to all three and should not be permitted to autocratically

serve one at the expense of the other. It is also the duty of management to organize and lead both labor and capital, and if the appointment of managers is in the hands of capital their autocratic power should in some way be limited to protect their responsibility to labor.

UNION AND ORGANIZATION IN INDUSTRY

Capital Unions and Labor Unions

It is generally known that more can be accomplished by organization and union than by each one going his own way, and in the past we have been familiar with two kinds of unions in industry. There is the union of labor to promote labor's ends and this has been matched by the union of capital to promote the ends of capital. These unions have both been justified by the conditions of the past. As organized they are admirable for defensive purposes, but each being organized as a union of a class they are not productive unions. Both unions are quite proper to form a means of those engaged in them to unite for purposes of defense, but they cannot produce because one of the elements necessary for production is lacking in each union. Without capital labor is useless. Without labor capital is useless. It is, therefore, necessary, in order to get a productive union, to get a union in which the interests of both capital and labor are represented. A union of capital is something like a union of all heads without any hands, and the union of labor to some extent is like a union of all hands without any heads. The result is that if they succeed in getting something for themselves it usually is at the expense of the other and not by creating an additional amount in which both can share. A union of capital and labor in the interests of the public can perform an economic service and can produce something so that both will be benefited

and the world at large will be benefited; one will not have to get something for itself at the expense of the other. Management in that sense is the same as government. In other words, it is a selected body to govern in the interests of all, keeping in mind that it should govern in the interests of the majority.

POLITICAL AND INDUSTRIAL GOVERNMENT

In looking over different forms of government we find cases similar to what we find in management in business. While it is very true that our form of government can learn a great deal in efficient management from the business of this country, it is equally true that the business of this country can learn a great deal on the question of human relations and principles of management or government from the government of this country.

REPRESENTATIVE GOVERNMENT IN MANAGEMENT

In looking over the different forms of government I think we will all agree that for large bodies of people where it is too large for a town meeting where everyone has a voice, the representative government which we have in the United States comes nearest to being the ideal of anything which we have in actual practice. Therefore, management in industry should follow the same lines. Management must get confidence, good will, interest and incentive from its workmen, and to do that they must believe not only in the efficiency of the management but they must also believe equally in the justice in which that management will function for the benefit of all.

In our American form of government the managers or governors are elected by the people, which is quite proper, inasmuch as the people are also those who furnish the capital for running the

government by submitting to taxation for this purpose. In industry those who labor with their hands are not in a position to do this—at least, at the present time—and those who furnish the capital take an undue risk on this account. For this reason they appoint and hold the managers responsible. However, in order to properly function on the basis of management being to serve and being responsible to all, there must be some responsibility of the managers chosen by those who furnish the capital to the labor employed in the plants, and it is on this basis that we have worked out, as well as we can, the industrial representation plan now in force to fit our own particular condition in Akron.

Who Shall be Represented in Management?

The question which now arises is who shall be represented? We have found no better way of doing this than to follow the precedent of the national government by establishing a citizenship of industry. In other words, we do not think that voting privileges for industry, for representation, should be universal to a greater extent than they are in the government of our country. In order to protect the country against radical minorities and those who are opposed to the government and its principles, certain limitations were placed upon citizenship. A man had to be twenty-one years of age. He had to be born either in this country, or had to reside in it for a certain length of time to become familiar with it before he could vote, and he had to understand the common language of the country. We believe it is equally essential that these safeguards to representation be thrown around voters in industry, and for that reason in our own particular case we restrict the voting citizenship of our industry to

employees who are eighteen years of age, who are American citizens and who have been in continuous employment, on the company's payroll for six months.

It is our problem, as we see it, to Americanize industrial management. We have all heard about Americanization, and many of us think that it applies only to the individual, but when you Americanize the individual and he makes an analysis of his form of government in industry and finds that it is not Americanized also, you are going to have more trouble than when you started, unless it is Americanized.

INDUSTRIAL REPRESENTATION PLAN IN
THE GOODYEAR TIRE AND RUBBER
COMPANY

To go to the plan of industrial representation: Before putting this plan into effect we formed a council, composed of some representatives appointed by the management. Some were elected by the foremen of the plant and some elected by Australian ballot from the men of the plant themselves, so that in working out the plan we tried to get something that fitted our particular industry, which would be just and fair, promote efficiency, and be satisfactory to all concerned. We unanimously arrived upon a plan which we submitted to the Board of Directors for their approval. The board received it, together with a secret ballot of the employees of the factory. It received 92 per cent of the votes in the affirmative.

The plan is substantially as follows: We adopted what you might call a shop constitution. It provides first, that the executive functions be placed entirely in the hands of the management, the same as the operation and executive departments are placed in the hands of the President and his elected representatives who run the

different branches of the government.

In order that this control should not be autocratic a legislative body was created, elected by the workmen by Australian ballot. This body has legislative powers to act as a check on unwise or unfair movements of the management. The industrians or citizens were asked to vote by Australian ballot for representatives for two houses—similar to what we have in our state and national legislatures—one being called the house of representatives and the other the senate, the senate to be composed of twenty members elected for two years, ten each year, and the house of forty members, all chosen annually. The factory is divided into districts, proportionately equal in number, and in this way we have a fixed number to our legislative bodies—trying to avoid the difficulty which our national house has gotten into of having such a large number. This makes it unwieldy in session, and most of the work has to be done by committees.

There are other restrictions upon the qualifications for senators and representatives. As was found advisable in our Federal Constitution, it was thought necessary that the qualifications of a representative should be at least one year in continuous service, instead of six months, for voting, and for senators that we would require five years of total service or two years of continuous service to qualify for the senate.

It should be kept in mind that both houses are elected by the workmen, and by the workmen I mean all in the industry. We have no classes. Every one on the payroll, if he qualifies as an industrian, has one vote. At the present time as that stands, there are about 12 per cent office workers, including clerks and others in the office, 6 per cent are foremen, and 82 per cent are factory workmen. It can

readily be seen that this body, being elected by Australian ballot, is entirely in the control of the workmen in the plant, the foreman and executives and others only casting about 10 per cent of the vote, although they vote just the same as any one else. It gives in the house and senate very closely the character of those employed in the industry. These senators and representatives can be recalled by a two-thirds vote of the electors of their district at any time, subject to the approval of the assembly itself. The approval of the assembly itself is simply put in to check a quick radical action where some little step might have disappointed a certain number of men temporarily, giving it a little more time for a hearing.

The powers of the industrial assembly are to pass upon all rules which may be put into effect by the management by procedure very similar to that in the national house. Each house votes separately, and if a bill on any subject pertaining to the relations of the management to its employees is presented to the house and passed by a majority of both houses, it is presented to the factory manager for his approval or veto. In case he vetoes it, it can be passed over his veto by two-thirds majority of both houses, and it then stands as a rule and regulation of the factory unless annulled by the Board of Directors. This board, under the laws of the state of Ohio, is fixed as the supreme governing body of a corporation and which could not be changed by any means in our power; it is quite proper that they should have that check, but it at least insures that no inspector or foreman or any sub-officer of the management can check or hold back the desires of the men, that they have a means of bringing it right in as a factory rule to the attention of the Board of Directors,

and it only comes to them when it has been passed over the veto of the manager.

We also provide for joint conferences. We have a body composed of twelve men, six appointed by the management, three by the house and three by the senate. This body meets every two weeks to discuss all problems of difference between the management and the men, usually things are thrashed out here before any action is taken by the industrial assembly, so that in all actions they take, they at least have both sides of the case presented to them so that they will not act on the evidence of but one side.

Another article in the constitution is that there shall be no discrimination against anyone for membership or non-membership in any labor organization. We realize fully that it may be decidedly in the interests of the men to join associations for defensive purposes to protect themselves against injustice, but the theory of the whole organization is that instead of organizing by classes, we join together within the institution the interests of capital with the interests of labor and thrash out all differences jointly without outside influence.

ADVANTAGES OF INDUSTRIAL REPRESENTATION IN MANAGEMENT

The advantages of this form of organization, as against the other two which I enumerated at the beginning of this talk, are that it insures continuous production. It is a perfectly logical method of going ahead and getting legislation and correcting

abuses, just the same as we have in our government. Everyone knows what would happen to this government if every little abuse or every little difference of opinion which came up should be magnified and magnified until the government chose sides and then all stood still while somebody thrashed it out. It will be realized that the government could not operate at all and that some other method would have to be devised. The same is equally true in industry and the plan we have put into effect is largely to overcome that difficulty. There is another matter—all grievances are brought up for attention when they are small and are not kept smoldering until they become a thing in which the whole shop is interested. Nearly all grievances are now taken up and settled in a mutually satisfactory manner right at the beginning, so that production goes on without unrest and without stopping.

The other result which it accomplishes is that it takes away the autocratic power of the foreman and the management which is used in an abusive manner, and in many instances since the plan has been adopted the foremen have seen where they have been drivers heretofore, and that they have been maintaining that position by reason of the power vested in them. They can no longer do that. They have to understand their position and they have to understand the men under them and learn to lead those men instead of driving them.